

Message Text

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INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00 USIE-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9749

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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C O N F I D E N T I A L SECTION 01 OF 02 LONDON 03842

E.O. 11652: GDS

TAGS: PGOV, PINT, UK

SUBJECT: TRIBUNE GROUP DEFEATS GOVERNMENT ON SPENDING
CUTS

REF: (A) LONDON 2788; (B) LONDON 3002

SUMMARY - LABOR PARTY'S LEFT-WING TRIBUNE GROUP MARCH 10
ABSTAINED ON GOVERNMENT PROCEDURAL MOTION APPROVING PRO-
POSED CUTS IN PUBLIC SPENDING WITH RESULT THAT MOTION WAS
DEFEATED BY 28 VOTE MARGIN. ALTHOUGH AN EARLIER CONSER-
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VATIVE MOTION ATTACKING GOVERNMENT'S PROPOSALS WAS DEFEA-

TED BY 30 VOTES, TORIES HAD FIELD DAY ON FLOOR OF COMMONS AS THEY CALLED FOR WILSON'S RESIGNATION OR AN IMMEDIATE CONFIDENCE VOTE. IMPLICATIONS THIS VOTE MAY HAVE FOR GOVERNMENT'S PROPOSED SPENDING CUTS, WHICH WILL HAVE TO BE IMPLEMENTED BY FINANCE BILLS, ARE NOT YET CLEAR, BUT IT WAS HUMILIATING POLITICAL DEFEAT FOR WILSON AND GOVERNMENT. WE UNDERSTAND GOVERNMENT WILL SEEK PROMPT VOTE OF CONFIDENCE AND BELIEVE IT WILL CARRY MAJORITY.END SUMMARY

1. HOUSE OF COMMONS MARCH 10 CONCLUDED TWO-DAY DEBATE ON GOVERNMENT EXPENDITURE WHITE PAPER (REFTELS), WITH GOVERNMENT INTRODUCING MOTION "REJECTING DEMAND FOR MASSIVE AND IMMEDIATE CUTS IN PUBLIC EXPENDITURE WHICH WOULD INCREASE UNEMPLOYMENT AND THE COST OF LIVING, RECOGNIZES THE NEED TO ENSURE THAT MANUFACTURING INDUSTRY CAN TAKE FULL ADVANTAGE OF THE UPTURN IN WORLD TRADE BY LEVELING OFF TOTAL EXPENDITURE FROM APRIL 1977." FIRST VOTE ON CONSERVATIVE AMENDMENT TO MAIN MOTION WAS REJECTED BY 304 TO 274, A GOVERNMENT MAJORITY OF 30 (LIBERAL PARTY VOTED WITH GOVERNMENT). DIVISION ON MAIN MOTION, HOWEVER, SAW 37 MEMBERS OF LEFT-WING TRIBUNE GROUP REMAIN ON THEIR SEATS, CONSPICUOUSLY ABSTAINING. AS A RESULT, GOVERNMENT MOTION WAS DEFEATED BY 284 TO 256, A MARGIN OF 28 VOTES AGAINST THE GOVERNMENT.

2. CONSERVATIVES, AS MIGHT BE EXPECTED, WERE DELIGHTED WITH TURN OF EVENTS. ESPECIALLY WITH VIEW TOWARD MARCH 11 BY-ELECTIONS IN THE WIRRAL AND CARLSHALTON, AND SOUGHT TO MAKE THE MOST OF IT. MRS. THATCHER TOLD COMMONS THAT DECISIVE DEFEAT ON CENTRAL ECONOMIC POLICY ISSUE WAS "UNPRECEDENTED IN MODERN TIMES" AND CALLED ON GOVERNMENT TO RESIGN OR SEEK IMMEDIATE VOTE OF CONFIDENCE. HER INTERVENTION WAS PUNCTUATED BY CHEERS FROM TORY BACKBENCHES AND CRIES OF "RESIGN." THEIR GLEE WAS HEIGHTENED BY CONSPICUOUS ABSENCE OF PRIME MINISTER WILSON WHO DID NOT RETURN TO FLOOR AFTER THE VOTE.

3. MRS. THATCHER'S CLAIMS AS TO "UNPRECEDENTED" NATURE OF GOVERNMENT DEFEAT WERE DISPUTED BY LABOR MP AND "FATHER OF THE HOUSE" (LONGEST SITTING MP), GEORGE STRAUSS, WHO
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POINTED OUT THAT CHURCHILL SURVIVED SEVERAL SUCH DEFEATS DURING WAR BY HAVING VOTE OF CONFIDENCE THE NEXT DAY. LIBERAL LEADER JEREMY THORPE ALSO SOUGHT TO BRING PROCEEDINGS BACK TO EARTH BY NOTING THAT WHILE GOVERNMENT MOTION HAD BEEN DEFEATED, CONSERVATIVE POSITION HAD BEEN REJECTED BY EVEN LARGER MARGIN AND THAT RESULTING UNCERTAINTY AS TO GOVERNMENT'S ECONOMIC POLICY WOULD NOT BE HELPFUL, PARTICULARLY SINCE POUND IS ALREADY UNDER SEVERE

PRESSURE.

4. COMMENT: GOVERNMENT'S DEFEAT IS DIRECTLY ATTRIBUT-
ABLE TO TRIBUNITES. THEIR DECISION TO ABSTAIN DID NOT
COME AS A SURPRISE, AS THEIR LEADER ARTHUR LATHAM HAD
REPEATEDLY STATED THAT GROUP WOULD NOT SUPPORT GOVERNMENT
ON THIS ISSUE. AS RESULT, ONLY UNKNOWN NUMBER OF
TRIBUNITES (GROUP CLAIMS 72 MEMBERS) WHO WOULD SIT IT OUT
AND WHETHER CONSERVATIVES, WHO IN PAST HAVE BEEN CONSPI-
CUOUSLY UNWILLING TO FORCE GOVERNMENT DEFEAT, WOULD GO
ALL OUT ON THIS ISSUE. IN THE EVENT, 37 MEMBERS OF TRI-
BUNE GROUP THREW DOWN THE GAUNTLET, SERVING NOTICE THAT

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 03842

THERE ARE LIMITS BEYOND WHICH THEY WILL NOT GO TO SUPPORT A LABOR GOVERNMENT. SIMILARLY, THE CONSERVATIVES SHOWED THEIR METTLE, DISPLAYING A NEW ASSERTIVENESS AND WILLINGNESS TO CARRY THE FIGHT TO THE GOVERNMENT. IT WAS A POLITICAL LESSON OF CONSIDERABLE IMPORTANCE FOR THE FUTURE OF THE WILSON GOVERNMENT. THE GOVERNMENT'S WHIP'S OFFICE HAD ANTICIPATED THE POSSIBILITY OF SUCH A DEFEAT AND PROPOSED PROMPT, BUT NOT IMMEDIATE, INTRODUCTION OF A CONFIDENCE MOTION, WHICH IT BELIEVES WILL BE SUPPORTED BY ALL

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LABOR MPS AND PASSED BY COMFORTABLE MARGIN. HOWEVER, PRESSURE FOR MORE IMMEDIATE ACTION HAS INTENSIFIED, AND WE UNDERSTAND THAT CONFIDENCE MOTION WILL BE TABLED MARCH 11 AND THAT PRIME MINISTER WILL OPEN DEBATE FOR GOVERNMENT. IT SEEMS HIGHLY UNLIKELY THAT THE GOVERNMENT WOULD FAIL TO CARRY MAJORITY ON CONFIDENCE MOTION.

5. WHILE IMMEDIATE POLITICAL IMPLICATIONS OF GOVERNMENT DEFEAT ARE CLEAR, ECONOMIC CONSEQUENCES ARE STILL OBSCURE. AS LIBERAL LEADER THORPE NOTED, UNCERTAINTY RESULTING FROM GOVERNMENT DEFEAT HAS NOT HELPED THE POUND WHICH HAS BEEN UNDER PRESSURE RECENTLY. IT MAY ALSO TRIGGER GOVERNMENT REASSESSMENT OF PROPOSED SPENDING CUTS, WHICH HAVE TO BE IMPLEMENTED BY FINANCE BILLS. IF GOVERNMENT IS GOING TO PERSEVERE WITH ITS ECONOMIC STRATEGY, AND WE BELIEVE THAT IT WILL, IT HAS VERY LITTLE ROOM TO MANUEVER. WE WOULD EXPECT THAT GOVERNMENT WILL INCREASE ITS PRESSURE ON DISSENT TRIBUNITES, PERHAPS CALLING ON TUC FOR ASSISTANCE. IT WILL ALSO SEEK FURTHER CLARIFICATION AS TO INTENTIONS OF CONSERVATIVES AND MINOR PARTIES -- IT IS ONE THING TO SCORE SOLID POLITICAL POINTS ON NON-SUBSTANTIVE MOTIONS AND QUITE ANOTHER TO BLOCK FINANCE LEGISLATION. OUR PRELIMINARY AND VERY TENTATIVE GUESS IS THAT GOVERNMENT WILL BE ABLE TO PROCEED WITH FINANCE BILLS WITHOUT MAJOR CHANGE IN ITS PROPOSALS AND, IF NECESSARY, WITHOUT TRIBUNE SUPPORT.

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